

HOUSE BILL REPORT

HB 1019

As Amended by the Senate

Title: An act relating to property tax exemptions for persons with disabilities related to the performance of military duties.

Brief Description: Providing a property tax exemption to veterans with severe disabilities.

Sponsors: By Representatives Campbell, Kirby, McCune, Clements, Wood, Hudgins, Simpson, Green, Morrell, Conway, P. Sullivan, Linville, B. Sullivan, McDonald, Lovick, Dunn, Chase and Ormsby.

Brief History:

Committee Activity:

Finance: 2/16/05, 4/15/05 [DP].

Floor Activity:

Passed House: 4/19/05, 98-0.

Senate Amended.

Passed Senate: 4/23/05, 47-0.

Brief Summary of Bill

- Freezes assessed value of home and provides excess and regular property tax relief for veterans of the U.S. armed forces with 100 percent service connected disability.
- Excludes military disability income from the income used to determine eligibility for the senior citizen and disabled persons property tax relief program.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 9 members: Representatives McIntire, Chair; Hunter, Vice Chair; Orcutt, Ranking Minority Member; Roach, Assistant Ranking Minority Member; Ahern, Conway, Ericksen, Hasegawa and Santos.

Staff: Rick Peterson (786-7150).

Background:

Some senior citizens and persons retired due to disability are entitled to property tax relief on their principal residences. To qualify, a person must be 61 in the year of application or retired from employment because of a disability, own his or her principal residence, and have a

disposable income of less than \$35,000 a year. Persons meeting these criteria are entitled to partial property tax exemptions and a valuation freeze.

Disposable income is defined as the sum of federally defined adjusted gross income and the following, if not already included: capital gains; deductions for loss; depreciation; pensions and annuities; military pay and benefits; veterans' benefits except attendant-care and medical-aid payments; Social Security and federal railroad retirement benefits; dividends; and interest income. Payments for the care of either spouse received in the home, a nursing home, boarding home or adult family home, payments for medicare insurance premiums, and payments for prescription drugs are deducted in determining disposable income.

Partial exemptions for senior citizens and persons retired due to disability are provided as follows:

- A. If the income level is \$30,001 to \$35,000, all excess levies are exempted.
- B. If the income level is \$25,001 to \$30,000, all excess levies and regular levies on the greater of \$50,000 or 35 percent of assessed valuation (\$70,000 maximum) are exempted.
- C. If the income level is \$25,000 or less, all excess levies and regular levies on the greater of \$60,000 or 60 percent of assessed valuation are exempted.

In addition to the partial exemptions listed above, the valuation of the residence of an eligible senior citizen or disabled person is frozen at the assessed value of the residence on the later of January 1, 1995, or January 1 of the assessment year the person first qualifies for the program.

Summary of Bill:

Veterans of the U.S. armed forces with 100 percent service connected disability are eligible for the same property tax relief on their homes as provided to senior citizens with income below \$25,000. They are exempt on all excess levies. The assessed value of their home is frozen and they are exempt on regular levies on the greater of \$60,000 or 60 percent of assessed valuation.

Military disability income is no longer included in combined disposable income when determining eligibility for the senior citizen and disabled persons property tax relief program.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment removes language that provides an exclusion of veteran disability income from the calculation of combined disposable income. The property tax relief for 100 percent disabled veterans is limited. It is based on their income and equal to the same property tax relief as other senior citizens.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: There are a number of spinal cord injury veterans here in Washington due to the excellent care available here. The property tax on the home of a 100 percent disabled veteran is much higher than other homes due their special circumstances. We have sent this bill three times to the Senate. The bill is timely. The impact for providing relief for the 100 percent disabled veterans is small on a statewide basis but significant to these individual veterans. Disabled veterans disability income is exempt at the federal level but is counted in determining property tax relief.

Testimony Against: None.

Persons Testifying: Representative Campbell, prime sponsor; and Skip Dreps, Northwest Chapter of Paralyzed Veterans of America.

Persons Signed In To Testify But Not Testifying: None.